



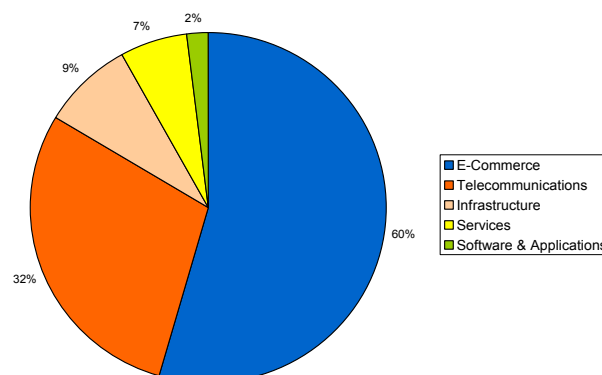
# Electronic Commerce

The September 2005 World Bank study ranked Chile 25<sup>th</sup> among 155 countries and the best country in Latin America in terms of the ease-of-doing-business index. Chile ranked higher than developed countries such as Spain (30<sup>th</sup>), France (44<sup>th</sup>), and Italy (70<sup>th</sup>). In Latin America, it is followed by Colombia (66<sup>th</sup>), Peru (71<sup>st</sup>), and Argentina (77<sup>th</sup>).

## Market Overview

- As of 2004, 5.6 million Chileans were internet users, making Chile the country in Latin America with the highest level of internet penetration.
- According to a 2004 study by the Santiago Chamber of Commerce, “digital economy” transactions reached \$11.1 billion in Chile, a 36% increase compared to 2003. The figure represents 13% of Chile’s GDP.
- E-commerce is the base of this dynamism, representing 60% of digital economy sales. Within this segment, B2B and B2G transactions amount to \$6.7 billion, with average annual growth of 70%. B2C retail e-commerce sales, rose from \$61 million in 2003 to \$80 million in 2004.
- Telecommunications makes up the second source of sales of the digital economy, with sales of \$2.5 billion in 2004. This amount was unchanged from 2003. Different commercial strategies, various combinations of mobile products and services, and high investments in infrastructure have assured quality and coverage in communications.
- Infrastructure is the third source of sales of the digital economy. Infrastructure investment amounted to \$1 billion in 2004. The number of broad band subscribers has increased with at least 160,000 new subscribers in 2004, totaling some 470,000 connections that give access to 2 million users, as of December 2004.
- Services, the fourth source, grew moderately to reach \$ 775 million in 2004. The segment should see continued growth, especially in outsourcing. The rest of the digital economy is made up of software and applications with sales of \$200 million and a growth of 9% over 2003.
- The percentage of Chilean companies with websites grew from 25% in 2003 to 33%, in 2004. 90% of large Chilean firms have a presence on the web.
- Information gathering and e-mail have been the main internet tools used by Chilean firms to date. However, participation in the following areas are increasing: online banking increased from 58% in 2003 to 82% in 2004; transactions with government entities increased from 53% to 75% and; tax declarations and payments increased from 48%, to 67%.

Segments of “Digital Economy”



Source: Digital Economy Studies Center, CCS

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## Principal Sub Sectors

- Business to Business (B2B)
  - Business to Consumers (B2C)
  - Business to Government (B2G)
- In 2004, B2C sales reached \$80 million.
  - The B2B subsector, that includes B2G, is much more substantial, totaling \$6.7 billion and growing at an annual rate of 70%. Supermarkets, mining and government purchases (Chilecompra.cl), are the key market players.
  - Chile's online economy consists of 272 companies in the B2C subsector, and 35 companies in the B2B subsector, represented by productive sectors of the Chilean economy. Although users are very conscious of security and confidentiality in e-commerce, local online sites need to beef up tools for privacy and security. In the B2C subsector, only 36% of the sites have implemented security policies, 35% publish confidentiality policies, and only 28% permit a digital certificate icon. In the B2B subsector, 46% of the companies have security policies, 31% confidentiality policies, and 29% offer a digital certificate.

## Electronic Government / Digital Agenda

The main objective of Chile's "Digital Agenda" is to 1) contribute to the country's growth through the use of information technology, 2) modernize government systems, and 3) maximize transparency and civic participation. The agenda aims to increase Chile's competitiveness, equal opportunities, individual freedom, and quality of life of citizens.

### E-market Places:

- Chilecompra: [www.chilecompra.cl](http://www.chilecompra.cl) (The Chilean Government's e-procurement site.)
- Servicio de Impuestos Internos: [www.sii.cl](http://www.sii.cl) (Chile's Internal Revenue Service.)
- Superintendencia de Valores y Seguros: [www.svs.cl](http://www.svs.cl) (Value and Insurance Superintendency.)
- Superintendencia de Bancos e Instituciones Financieras: [www.sbif.cl](http://www.sbif.cl) (Banks Superintendency.)
- Gobierno de Chile: [www.gob.cl](http://www.gob.cl) (Chilean government official website.)

Source: Digital Economy Studies Center, CCS

### U.S. Position:

In February 2000, Chile became the first country in Latin America to sign a Joint Statement on E-commerce with the U.S. that affirms e-commerce will enhance the standard for living for citizens by creating new, high-paying jobs and opportunities. Both governments recognize the importance of working together to promote global e-commerce. The general principles of the statement include: a) the private sector will lead the development of e-commerce and business practices, b) both governments should avoid unnecessary regulations or restrictions. The complete statement can be found at:

[http://www.technology.gov-digeconomy-international\\_issues-ChileJS2-9-00.html](http://www.technology.gov-digeconomy-international_issues-ChileJS2-9-00.html)

## Key Contacts

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Undersecretariat of Economy: [www.minecon.cl](http://www.minecon.cl)

Santiago Chamber of Commerce, CCS: [www.ccs.cl](http://www.ccs.cl)